ECONOMIC REVIEW 2015

ST. JOHN'S METROPOLITAN AREA

2015 Performance

Economy

The St. John's Census Metropolitan Area (CMA) recorded tepid economic performance in 2015. Real gross domestic product (GDP) is estimated to have declined 2.5 per cent primarily due to lower oil production and a weaker housing market. Real GDP in the CMA excluding oil production fell by only 0.3 per cent.

Labour Force

The CMA labour market performance was mixed in 2015. Employment growth was positive in several industries including manufacturing; trade; business, building and other support services; professional, scientific and technical services; and accommodation and food services. However, these gains were offset by declines in other industries including oil and gas; construction; finance, insurance, real estate and leasing; information, culture and recreation; education; and public administration. Overall, employment in the St. John's CMA decreased by 0.3 per cent (or 400 person years) to 115,900 in 2015 and the labour force grew by 0.2 per cent to 123,900. Since the growth in labour force was greater than employment growth, the unemployment rate increased by 0.5 percentage points to 6.5 per cent. Despite this increase, the St. John's CMA unemployment rate remains relatively low in historical terms and ranks in the middle of the pack in comparison to other CMAs in Canada in 2015.

Household Income, Retail Sales and Housing Starts

Household income increased 2.9 per cent in 2015 to $10.8 billion, driven by wage gains and increased government transfers, particularly Old Age Security (OAS) and Canada Pension Plan (CPP). However, this growth was significantly lower than the previous five-year average of 6.2 per cent. The slower growth in household income was reflected in retail sales which, at $3.9 billion in 2015, were just on par with the previous year's level. Housing starts fell by 19.9 per cent to 985 units as starts in single detached, row units and apartments all experienced significant declines.

Population

In 2015, the St. John's CMA is estimated to have recorded an annual population increase for the 17th consecutive year. Gains resulted from natural growth (more births than deaths) and net in-migration to the region. As of July 1, 2015, the population of the St. John's CMA is estimated to have been 214,300, up 1.0 per cent from the previous year.

Outlook for 2016

The economic outlook for the CMA in 2016 is expected to be mixed as some economic indicators are likely to yield negative growth while others could exhibit some positive growth. While spending and local development activity related to the Hebron, Muskrat Falls and Hibernia projects will remain high, development work related to the West White Rose expansion appears unlikely to happen this year. Uncertainty created by recent declines in the price of oil and the resulting increase in the province's fiscal deficit is expected to negatively affect consumer and business confidence, possibly leading to reduced spending. Given the current volatile economic climate globally and locally, there is a higher than normal degree of uncertainty regarding the economic outlook for 2016.

Economic Indicators St. John's Metropolitan Area, 2014-2015e

	2014	2015e	% Change 2014 - 2015e
Real GDP (2007$M)	13,574	13,240	-2.5
Employment (000s)	116.3	115.9	-0.3
Labour Force (000s)	123.6	123.9	0.2
Unemployment Rate (%)	6.0	6.5	0.5 ppts
Participation Rate (%)	69.9	69.3	-0.6 ppts
Household Income ($M)	10,509	10,816	2.9
Retail Trade ($M)	3,908	3,909	0.0
Housing Starts	1,230	985	-19.9
CPI (2002=100)	128.2	128.7	0.4
Population (000s)	212.3	214.3	1.0

Source: Statistics Canada; Economic Research and Analysis Division, Department of Finance, Government of Newfoundland and Labrador e: estimate

ST. JOHN'S

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